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FM AMEMBASSY JAKARTA
TO RUEHC/SECSTATE WASHDC PRIORITY 9678
INFO RUEHZS/ASSOCIATION OF SOUTHEAST ASIAN NATIONS
RUEHBY/AMEMBASSY CANBERRA 2839
RUEHLM/AMEMBASSY COLOMBO 1162
RUEHKA/AMEMBASSY DHAKA 1132
RUEHNE/AMEMBASSY NEW DELHI 2062
RUEHKO/AMEMBASSY TOKYO 2294
RUEHWL/AMEMBASSY WELLINGTON 2898
RUEHHK/AMCONSUL HONG KONG 2850
RUEHPT/AMCONSUL PERTH 1003
RUEAIIA/CIA WASHDC
RUEAWJB/DEPT OF JUSTICE WASHDC
RUEATRS/DEPT OF TREASURY WASHDC
RHEFDIA/DIA WASHINGTON DC
RHMCSUU/FBI WASHINGTON DC
RHEHNSC/NSC WASHDC
RUEKJCS/SECDEF WASHDC
RHHJJPI/USPACOM HONOLULU HI

UNCLAS SECTION 01 OF 02 JAKARTA 001465

SENSITIVE
SIPDIS

DEPT FOR EAP, EAP/MTS, EAP/MLS, INL
INL FOR SNYDER/BARCLAY
DEPT FOR EEB/IFD/OMA
DOJ/OPDAT FOR LEHMANN/ALEXANDRE/JOHNSON
SINGAPORE FOR BAKER
NSC FOR E.PHU

E.O. 12958: N/A

TAGS: [PGOV](#) [KJUS](#) [KCOR](#) [ID](#)

SUBJECT: CONVICTION IN MAJOR CORRUPTION CASE

REF: A. JAKARTA 1306
[1](#)B. JAKARTA 1098
[1](#)C. JAKARTA 595

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[1](#)1. (U) This message is Sensitive but Unclassified -- Please handle accordingly.

[1](#)2. (SBU) SUMMARY: Indonesia's Corruption Court has convicted Artalyta Suryani--a well-known socialite and influence peddler--of bribing a (since fired) state prosecutor in order to close down a key corruption investigation. The case is linked to massive financial fraud at Bank Indonesia in the late 1990's and early 2000's (the case is commonly referred to as "BLBI" based on the Indonesian acronym). The GOI is continuing another major trial linked to the BLBI case. The Attorney General's Office is under pressure to re-open all aspects of the BLBI investigation. The conviction of a key influence peddler is positive news for the GOI's anti-corruption efforts. END SUMMARY.

A KEY CONVICTION

[1](#)3. (U) There has been an important corruption conviction in Indonesia. On July 29, the Corruption Court unanimously convicted Artalyta Suryani of bribing state prosecutor Urip Tri Gunawan, who had led the Attorney General's Office (AGO) investigation into the misappropriation of BLBI funds. (Note: The BLBI case involves emergency liquid credits extended by Bank Indonesia, the central bank, to commercial banks during the financial crisis, which began in 1997. Of the \$16 billion BLBI loans issued since 1997, approximately a third turned bad. End Note.)

14. (U) According to the evidence presented, the \$660,000 bribe took place two days before the Attorney General's Office suddenly dropped its investigation of a key aspect of the BLBI case (ref C). Due to this suspicious action, the GOI launched an investigation, finding that Suryani had given the prosecutor the huge bribe in exchange for wrapping up his investigation. As part of the Court's ruling, Suryani was sentenced to five years in prison and fined. Suryani now has seven days to appeal the decision. Gunawan also faces charges of accepting bribes and extortion.

15. (U) In the meantime, the Supreme Court on July 11 suspended a west Jakarta district court judge after he was found guilty of requesting a bribe from Suryani.

A RELATED TRIAL TO CONTINUE

16. (U) A trial involving another strand of the BLBI matter is set to continue. The Corruption Court has determined it will continue with the trial of former Bank Indonesia governor Burhanuddin Abdullah for the misappropriation of \$11 million in funds (ref A). Former deputy governors Bun Bunan Hutapea, Aslim Tadjuddin and Aulia Pohan--father-in-law of one of President Yudhoyono's sons--were also implicated in the case, although they have not yet been named suspects. The funds were allegedly disbursed to members of the House of Representatives (DPR) and former Bank Indonesia officials.

ATTORNEY GENERAL'S OFFICE UNDER PRESSURE

17. (SBU) The Attorney General's Office is under pressure to re-open its BLBI investigation. The stunning fact that one of its prosecutors took a bribe to shut down a case has

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proven a severe embarrassment, and the Attorney General is hard at work trying to restore his and his organization's credibility. The case is critical for Indonesia's anti-corruption effort because it has many tentacles, involving so many in the elite world of business and government. The fact that a key influence broker has been convicted is a big positive. That said, the Suryani aspect of the case seems to be just the tip of the iceberg.
HUME